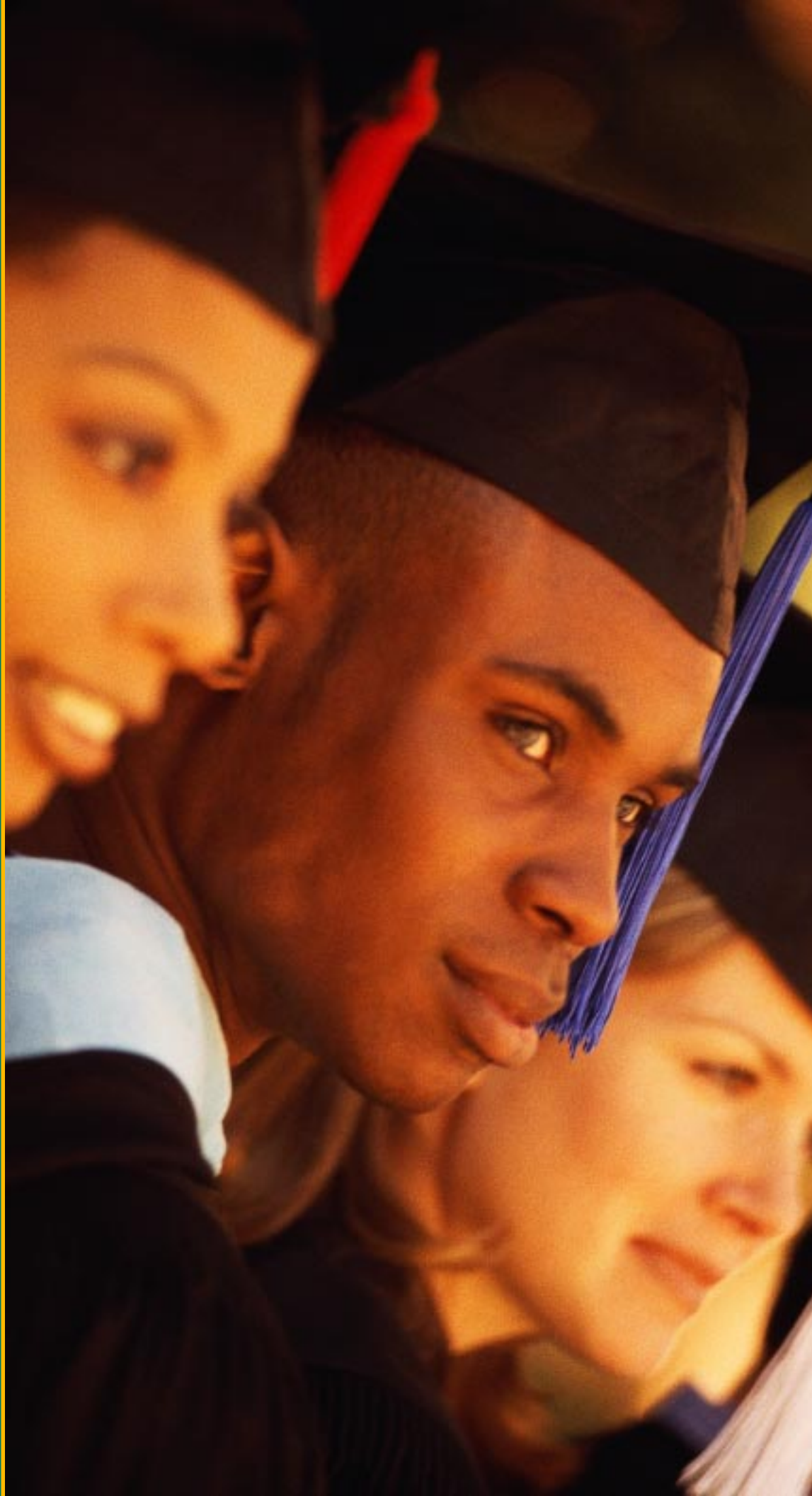


Investing in Our Future

1 9 9 9

**KHEAA
Annual Report**






Paul P. Borden, who became KHEAA's first full-time employee in 1972, announced in May that he would retire effective September 30, 1999.

The KHEAA Board of Directors and staff dedicate this year's annual report to Borden in recognition of his 27 years of leadership as Executive Director of the agency and his dedication to improving students' access to higher education.





Paul Borden's career in student financial aid administration began in 1967 as Assistant Director of Student Financial Aid at the University of Louisville, where he graduated that same year. In 1968 he became Director of Financial Aid at Kentucky State University and served in that capacity until 1972, when Governor Wendell H. Ford appointed him to KHEAA's first full-time position.

Within weeks of accepting that position, Borden awarded grants to three students enrolled in private colleges and was promptly sued by the Americans United for Separation of Church and State. The constitutionality of the grant program was upheld, and KHEAA now administers \$42.9 million in student aid funds, guarantees over \$345 million in student loans, oversees an \$8.6 million educational savings program, and performs numerous outreach and public information activities.

Borden spearheaded several major initiatives, which led to the establishment of the Kentucky Higher Education Student Loan Corporation, creation of the Kentucky Educational Savings Plan Trust, and merger of the Alabama Student Loan Program with KHEAA.

The Student Loan Corporation has now financed over \$1 billion in student loans and become the largest student loan originator and holder in Kentucky and one of the 49 largest holders of student loans in the nation. The Kentucky Educational Savings Plan Trust has grown to 3,000 accounts and is helping families save in a planned way for their children's higher education costs. As the primary insurer of student loans for Kentucky and Alabama, KHEAA guaranteed over 90,000 loans during FY1999, and since 1978, has insured over \$3 billion in student loans.

Hundreds of thousands of students benefitted from Borden's visionary leadership and unselfish commitment to making higher education more accessible for nearly three decades. Upon his retirement as KHEAA's Executive Director, he can reflect with justifiable pride on a job well done.



Executive Message

KEES—history in the making

Excitement reigned and history was made in FY1999 as Kentucky high school students earned the first-ever Kentucky Educational Excellence Scholarship (KEES) awards. In all, 108,220 eligible Kentucky high school students qualified for \$34.7 million in scholarships based on grade point averages of at least 2.5 and \$5.3 million in bonus awards based on ACT (or equivalent SAT) scores of 15 or above.

KEES was established by Senate Bill 21, the result of a joint effort by the state's executive and legislative branches during the 1998 Kentucky General Assembly. Senate Bill 21 allocated a portion of net profits from the state lottery for merit-based scholarships to students who attend a participating Kentucky higher education institution.

Kentucky residents attending certified Kentucky high schools are eligible for scholarships based on their yearly grade point average and bonus awards based on their highest composite ACT (or equivalent SAT) score attained by their high school graduation date. Kentucky residents

attending noncertified Kentucky high schools and students obtaining a GED diploma in Kentucky within five years of their 18th birthday (which must occur on or after January 1, 1999) are eligible for bonus awards. The base scholarship that can be earned for each year of high

Kentuckians on KEES:

Thank you for your scholarship. Your financial assistance will enable me to attain my goal of receiving a college education.
—Student

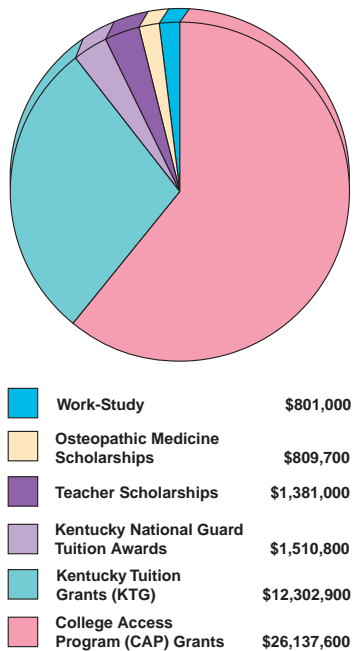
Thank you for giving me this award. I have worked very hard to maintain my GPA, and I am glad and grateful for this recognition.
—Student

It is good to hear that the lottery money is finally going where it was intended—education.
—Parent

History was made as students earned the first-ever KEES awards.

school ranges from \$125 to \$500; bonus awards range from \$21 to \$300 for high school seniors graduating in 1999 and \$36 to \$500 thereafter. These awards can be used to pay the expenses of each year of college or technical training.

State Student Aid—FY1999



Student Aid—a year of growth and achievement

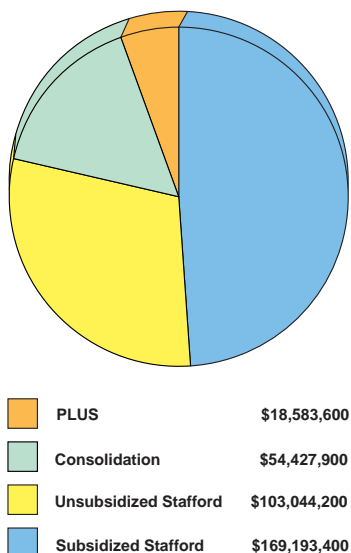
During FY1999, Kentuckians witnessed the state's unquestionable commitment to improving access to higher education for its citizens, with more funding provided to help more students pursue their dreams.

For the first time, all eligible students who applied in a timely manner were offered a College Access Program (CAP) Grant, Kentucky Tuition Grant (KTG),

All eligible students who applied in a timely manner were offered a CAP Grant, KTG, or Teacher Scholarship.

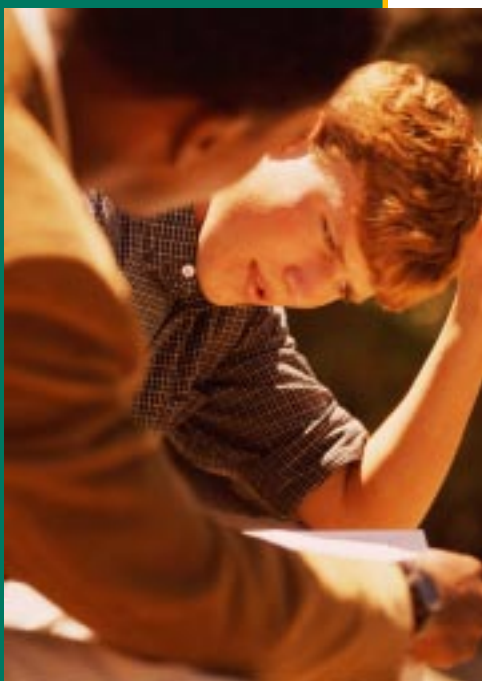
or Teacher Scholarship award thanks to an additional \$14 million in funding for FY1999. Maximum CAP Grant awards increased from \$1,020 to \$1,060 each academic year and were made to 46 percent more recipients than during FY1998. KTG awards were made to 58 percent more recipients, while Teacher Scholarships were awarded to 30 percent more recipients.

FFELP Loans—FY1999



During FY1999, KHEAA awarded \$42.9 million* from grant, scholarship, and work-study programs and guaranteed \$345 million in Federal Family Education Loans to help students pay their higher education expenses. In addition, the KHEAA Board of Directors voted to

* Includes \$1,510,800 in Kentucky National Guard Tuition Award funds disbursed on behalf of the Kentucky National Guard.



Customers on KHEAA service:

I just want to pass on to you how great the service is that I receive whenever I call the Kentucky Educational Savings Plan Trust. Your staff is wonderful. I cannot say enough about how they respond to me and how helpful they are.

—Trust
Participant

continue waiving the 1 percent insurance premium for students for whom KHEAA guarantees loans. The waiver has saved students more than \$12 million since the fee was first waived in August 1996.

The first awards totaling \$809,700 from the Osteopathic Medicine Scholarship Program were made to 65 students. The Osteopathic Medicine Scholarship was created by the 1998 Kentucky General Assembly and is funded by a percentage of coal severance tax revenues. The program provides awards to eligible students attending Pikeville College School of Osteopathic Medicine. The awards are equal to the difference in tuition charged by Pikeville College and the state medical schools. KHEAA also continued its free administrative services for the Minority Educator Recruitment and Retention (MERR) Scholarship Program and the Occupational Therapy/Physical Therapy Related Services Scholarship Program for the Kentucky Department of Education as well as the Kentucky National Guard Tuition Award Program.

By the end of FY1999, the Kentucky Educational Savings Plan Trust, KHEAA's college savings plan, had 3,000 active accounts with \$8.5 million in net assets in the Program

Changes in the Savings Plan Trust focus on improving opportunities for families to meet rising college costs.

Fund. To improve opportunities for current and new participants to meet rising college costs, KHEAA pursued changes in FY1999 to

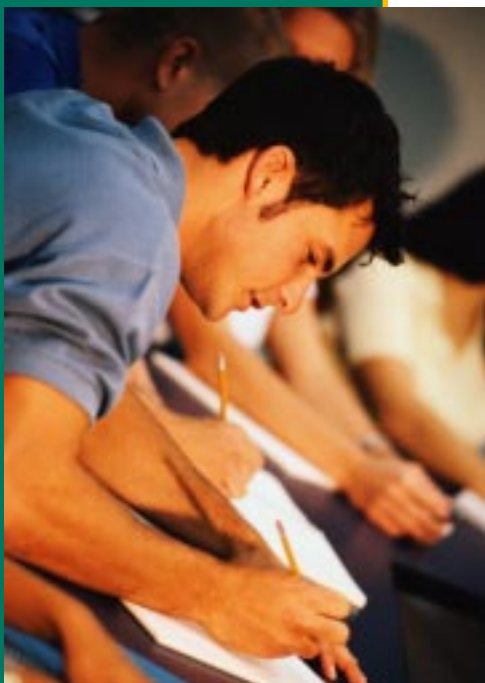
provide a more diversified investment approach. When the Trust was introduced nine years ago, contributions were placed in investments that offered steady, predictable earnings, with a guaranteed return of 4 percent over their lifetime. This investment strategy, while providing low risk, did not provide the advantages of investing in equities with more potential for growth and a better opportunity to keep pace with rising college costs. In an effort to provide these advantages to participants, Trust staff issued a request for proposals for administrative, marketing, and investment services; and the KHEAA Board of Directors subsequently entered contract negotiations with TIAA-CREF Tuition Financing, Inc. (TFI), to provide the full range of services.

Beginning in the fall of 1999 under the terms of the new management agreement with TFI, contributions to the Trust will be directed into special investment portfolios that combine stocks, bonds, and money market instruments. The asset allocation of these portfolios will differ depending on the age of the beneficiary. As the beneficiary nears college age, the asset allocation will become progressively more conservative. Many of the important Savings Plan Trust benefits will remain the same, including tax advantages, no application or maintenance fees, flexibility in choosing educational institutions, and exclusion of Trust savings in the calculation of Kentucky state student financial aid eligibility.

KHEAA is designated guarantor of the Federal Family Education Loan Program (FFELP) for Kentucky and Alabama. Agency receipts, generated in large part from administration of FFELP, have been used to provide 100 percent funding of all administrative costs from 1979 through 1999 and, since 1983, to supplement state General Fund appropriations for financial aid benefits for students.

Loan Services—innovation and superior service

In May, the KHEAA Loan Administration System (KLASsm), KHEAA's premier electronic system for managing Federal Family Education Loan Programs, was implemented and welcomed with



**Financial aid
officers on KHEAA
loan services:**

KHEAA staff are very helpful, and we appreciate their support.

—University
Student Loan
Coordinator

Your visit to our community college was very timely. We've been working on our prior federal student loan default records, and your referral to KHEAA personnel that can help us is appreciated.

—Director
of Student
Financial Aid

enthusiasm. With the implementation of KLASsm, KHEAA positioned itself to react quickly to industry-wide initiatives and provide timely enhancements for postsecondary and financial institutions. Conversion efforts officially began in 1997 and were undertaken to facilitate federal structural and regulatory changes occurring as a result of reauthorization of the Higher Education Act of 1965 in October of 1998. These changes will also ensure KHEAA's loan administration system is Y2K compliant

and provide the best services available for students, schools, and lenders. KHEAA is committed to the enhancement of services and benefits

available via technology. Providing access to online superior processing systems through the Internet in a secure environment will continue to be the focal point.

Throughout the year, KHEAA staff in Kentucky and Alabama conducted KLASsm, Master Promissory Note (MPN), Common Claims Initiative (CCI), Federal Family Education Loan Program, and other training for participating schools and lenders. KHEAA continues to emphasize training as an integral part of maximizing the benefits of our programs for Kentuckians.

KHEAA staff also participated in and co-chaired the CCI Electronic File Workgroup that developed the common electronic processes for reporting preclaim and claim information.

**KLASsm, KHEAA's
premier system for
managing FFELP,
was met with
enthusiastic
response.**

In its continuing efforts to make the student financial aid process easier and quicker, KHEAA initiated the use of the MPN as an option for student borrowers, lenders, and schools. As long as the borrower uses only one lender, a single MPN can cover loans for up to 10 years. Under federal rules, the use of the MPN becomes mandatory for all borrowers and schools for academic programs commencing on or after July 1, 2000. Serial loans for repeat borrowers, at eligible schools, will result in a paper-free process.

KHEAA stepped up its default aversion efforts with development of Web-based entrance and exit loan counseling services. Through the use of KHEAA loan counseling on the Web, schools can electronically monitor individual completion of the requirements, and students have the convenience of completing the counseling wherever they have access to the Internet.



Kentucky and Alabama editions of *Invest in Your Future* and the new *Road Map to Repayment* publications, used by student borrowers and financial aid offices, provide up-to-date tools to meet federal requirements to inform student borrowers of their rights and responsibilities.

KHEAA continues its effort to expand services not only in Kentucky and Alabama but also in Florida and Mississippi.

KHEAA welcomed the return of Western Kentucky University and Alabama State University to the Federal Family Education Loan Program (FFELP) beginning with the 1999–2000 academic year. KHEAA is committed to providing these—and all FFELP higher education institutions—with service that is second to none.



Counselors on KHEAA publications:

We use your publications very much—you send out some great information.

—Guidance
Counselor

Your *Getting In* book is the best thing to come along since popcorn.

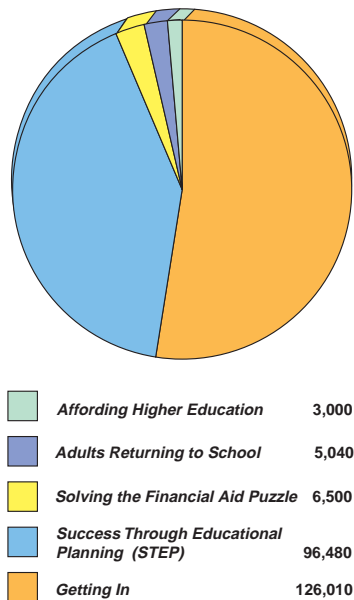
—Guidance
Counselor

Getting In is the single best item we get for our students. We also like getting the other KHEAA materials.

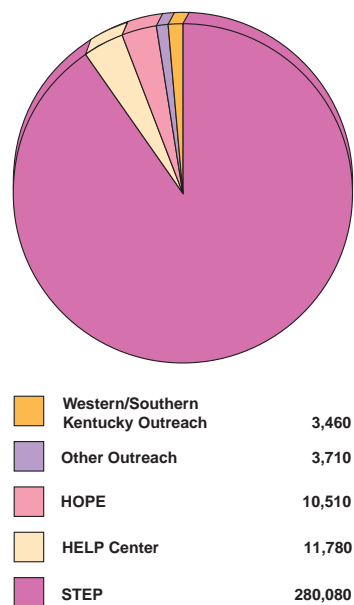
—Guidance
Counselor



Publications Distribution—FY1999



Outreach Contacts—FY1999

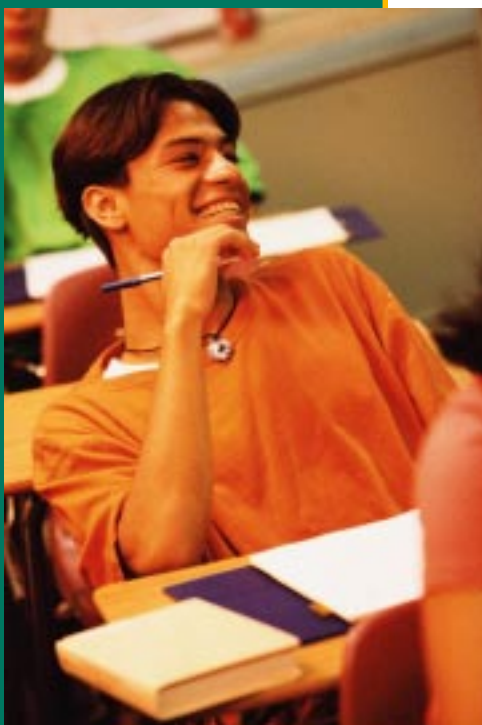


Outreach

Informing the citizens of the Commonwealth about higher education and the availability of financial aid programs continues to be a major agency objective. To meet the needs of Kentucky students, KHEAA administers four outreach programs—Success Through Educational Planning (STEP); Hope, Opportunity, and Progress through Education (HOPE); Higher Education Learning and Planning (HELP) Center; and Western/Southern Kentucky Outreach. Through these efforts, staff exhibit at career days and college fairs, make school presentations, send mailings and materials, assist students individually in searching for higher education information, and distribute information via other agencies and organizations. During the year, Outreach staff distributed over 237,000 copies of KHEAA’s major publications for Kentucky and Alabama and 355,000 brochures; participated in 100 exhibits and 40 radio, television, and newspaper interviews; conducted 220 presentations; made 309,500 contacts; traveled 50,190 miles to 738 sites; and visited 101 of Kentucky’s 120 counties.

STEP—KHEAA’s first and most widespread outreach program—helps students in grades 8–12 and their families prepare to pay for college or technical training. During the program’s 10-year history, over 661,000 students have received STEP packets. HOPE, which improves the delivery of financial aid and higher education planning materials to minorities, assisted more than 10,500 people during the summer of 1999 and over 57,000 since the program began in 1993.

This year, the HELP Center, KHEAA’s 30-foot motor vehicle, visited 81 of Kentucky’s 120 counties through regional college fairs and



school and community visits. HELP Center staff also began providing a valuable, free service—career interest inventories and scholarship searches—with more than 7,600 completed.

Through the efforts of KHEAA's Western/Southern Kentucky Outreach coordinator, one movie complex in Murray agreed to show slide advertisements at no charge promoting KHEAA programs and services to its 220,000 patrons. The slides appeared prior to the beginning of movies and during the 30-minute intermission in five of the complex's seven theaters. The slides focused on KEES, college planning and financial aid information for all ages, Kentucky Educational Savings Plan Trust, and student loan default aversion. The coordinator also initiated the use of short messages about KHEAA programs and services on cable and school television channels that had the potential of reaching 166,800 households and 26,080 students.

Entering the new millennium

As we stand poised on the brink of the new millennium, KHEAA stands ready to help students make the most of their higher education opportunities. The Commonwealth, by creation of the KEES program and full funding of KHEAA's need-based programs, has made a significant investment in its citizens and its future. The next century promises to be exciting in the history of higher education in the Commonwealth, and KHEAA promises to be in the forefront of facilitating students' access to postsecondary schools.

Wayne Stratton
Board Chairman

Paul P. Borden
Executive Director

Financial Aid Programs

	Program	Who Can Apply	Description	Amount
Grants	College Access Program (CAP) Grant	Undergraduate Kentuckian attending a public or private Kentucky college, technical college, or proprietary school	Provides access for Kentucky's financially neediest undergraduate students to attend in-state, two- and four-year public and private colleges, proprietary schools, and publicly operated technical colleges.	College: \$1,060 annually for full-time; \$44 each semester hour for part-time Proprietary/technical: \$640 annually
	Kentucky Tuition Grant (KTG)	Undergraduate Kentuckian attending a private Kentucky college	Expands Kentucky residents' choices of higher education institutions and assists them with the higher tuition charges at the Commonwealth's independent colleges.	From \$200 to \$1,500 annually
Scholarship	Kentucky Educational Excellence Scholarship (KEES)	Kentucky high school student or GED recipient	Provides opportunities to earn scholarships and bonus awards to students attending certified Kentucky high schools (based on GPA and ACT score); provides bonus awards to GED recipients and students who attend noncertified Kentucky high schools (based on ACT score).	Base: \$125 (2.5 GPA) to \$500 (4.0 GPA) each year Bonus: \$36 (ACT score of 15) to \$500 (ACT score of 28 or above)*
Conversion Scholarships/Loans	Teacher Scholarship	Kentucky resident seeking initial teacher certification at a participating institution	Provides financial assistance to highly qualified, financially needy Kentucky students. If recipients do not fulfill their teaching obligation, the scholarship converts to a loan and must be repaid with 12 percent interest.	Maximum \$1,250 each year and \$325 each summer term for freshmen and sophomores; \$5,000 each year and \$1,250 each summer term for other students
	Osteopathic Medicine Scholarship	Kentucky resident accepted at Pikeville College School of Osteopathic Medicine	Equalizes tuition at Pikeville College School of Osteopathic Medicine with that of the state medical schools. If recipients do not fulfill their service obligation, the scholarship converts to a loan and must be repaid with 12 percent interest.	Difference between in-state tuition charged at state medical schools and that charged at Pikeville College School of Osteopathic Medicine
Work-Study	KHEAA Work-Study	Kentucky resident attending an eligible institution	Provides career-related work experience for participating students through a public/private partnership, the earnings from which assist them with their educational expenses.	Not less than federal minimum wage or prevailing wage (KHEAA pays \$2 toward hourly wage)
Federal Family Education Loans	Federal Stafford Loan (subsidized and unsubsidized)	Undergraduate, graduate, or professional student enrolled at least half-time	Provides low-interest, long-term loans through private lenders. Students must demonstrate financial need to qualify for the subsidized loan.	Undergraduate: Up to \$2,625 for first-year dependent student; up to \$10,500 each year for upper-level independent student Graduate or professional: Up to \$8,500 each year for dependent student; up to \$18,500 each year for independent student
	Federal PLUS Loan	Parent, stepparent, or legal guardian of a dependent student	Provides loans through private lenders to parents of eligible dependent students who need additional financial assistance in meeting postsecondary educational expenses. Eligibility is not based on financial need.	Cost of attendance minus any other aid
	Federal Consolidation Loan	Student loan borrower in repayment or grace period on eligible loans	Allows eligible borrowers to consolidate specified educational loans into one loan, generally reducing the borrower's monthly payment amount and extending the repayment period.	Combined total balance of student's outstanding educational loans
Savings	Kentucky Educational Savings Plan Trust	Benefactors of children under age 15	Provides an opportunity for families to save money in a planned way for the higher education expenses of their children or other beneficiaries.	Disbursements are dependent on participant contributions, earnings, and school costs

* SAT equivalent scores can also be used for the bonus awards. The bonus award for 1999 high school graduates only was \$21 to \$300 depending on ACT scores.

Information Services

Publications	<p>Getting In provides information about postsecondary school opportunities, including facts on admission, costs, financial aid, and academic programs. Kentucky and Alabama editions are published each year with updated and new information.</p> <p>Affording Higher Education lists over 2,000 financial aid programs administered by state and federal governments, degree-granting institutions, technical colleges, proprietary trade schools, and Kentucky companies and organizations.</p> <p>STEP for Seniors, STEP for Juniors, STEP for Sophomores, STEP for Freshmen, and STEP for 8th Graders provide high school graduation requirements, Kentucky postsecondary school information, major sources of financial aid, career ideas, checklists, and much more depending on grade level.</p> <p>Adults Returning to School contains valuable information for adults who want to resume their education. In addition to providing facts on admission, costs, financial aid, and academic programs, the publication contains specific information of interest to nontraditional students, such as GED review classes and testing centers, evening and weekend classes, credit for military courses and work experience, and much more.</p> <p>Solving the Financial Aid Puzzle is produced in cooperation with the Alabama Association of Student Financial Aid Administrators and provides information about the major sources of financial aid and college costs for Alabama postsecondary schools.</p>
Outreach	<p>Success Through Educational Planning (STEP) provides packets of higher education planning materials and student financial aid information to families of students in grades 8–12. STEP reinforces school counselors' efforts by sending information directly into students' homes.</p> <p>Hope, Opportunity, and Progress through Education (HOPE) emphasizes the importance of higher education, provides career counseling information, and explains how financial aid can help African Americans and other minorities achieve their educational and career goals.</p> <p>Higher Education Learning and Planning (HELP) Center takes financial aid information and higher education planning materials to students in communities throughout the Commonwealth.</p> <p>Western/Southern Kentucky Outreach provides financial aid information and higher education planning materials to students and parents as well as services to guidance counselors, financial aid officers, and admissions officers in the western and southern regions of the Commonwealth. A strong effort is also made to reach others who can help distribute information about student financial aid.</p> <p>Counselor Workshops are conducted in cooperation with the Kentucky Association of Student Financial Aid Administrators and provide information about KHEAA programs and services as well as other important financial aid updates.</p>
Web Site	<p>www.kheaa.com provides valuable information, superior service, and innovative products to students, parents, guidance counselors, schools, and lenders. The site contains information about KHEAA programs and services; online student account data and loan application processing; online loan counseling materials; publications for students and parents; and newsletters for high school counselors, admissions and financial aid officers, participating lenders, and Trust participants. During FY1999, nearly 3 million hits were recorded on KHEAA's Web site.</p>

Program Services for Other Entities

Fund Management/Disbursements	KHEAA provides administrative services for the Kentucky National Guard Tuition Award Program . The National Guard determines members' eligibility and selects award recipients, and KHEAA is responsible for processing disbursements to participating institutions.
Collections	KHEAA assists the Kentucky Department of Education (KDE) in administering the Minority Educator Recruitment and Retention Scholarship Program and the Occupational Therapy/Physical Therapy Related Services Scholarship Program . KDE selects recipients and disburses program funds. KHEAA's role is to track the status of recipients and cancel notes or collect on the loans.
Loan Origination/Disbursements	KHEAA offers a fee-based loan origination and disbursement service that makes loan processing simple for lenders that execute a KHEAA Loan Origination and Disbursement Agreement. Under the agreement, Federal Subsidized and Unsubsidized Stafford Loans and Federal PLUS Loans insured by KHEAA are made and disbursed with speed and efficiency on behalf of the lender.
Disbursements	KHEAA's EFT Escrow Service (EES) facilitates loan disbursements for schools and lenders of all sizes that execute an EES Agreement. EES allows lenders to select disbursements for electronic funds transfer and maintain control of the disbursement process.
Administrative Services	KHEAA provides fee-based technical and administrative services to the Kentucky Higher Education Student Loan Corporation through memoranda of agreement.

Federal Family Education Loan Program

FY1999	Subsidized Stafford	Unsubsidized Stafford	PLUS	Consolidation	Total
Loans	52,050	32,230	3,310	2,860	90,450
Total	\$169,193,400	\$103,044,200	\$18,583,600	\$54,427,900	\$345,249,100
Cumulative Since*	1978	1993	1982	1987	
Loans	949,360	169,190 [†]	57,500	12,180	1,188,230
Total	\$2,470,143,400	\$499,355,100 [†]	\$196,972,800	\$215,138,600	\$3,381,609,900

* Date indicates first year of program implementation.

[†] Federal Unsubsidized Stafford Loans include Federal Supplemental Loans for Students, which are no longer available.

Distribution by Type of Educational Institution*—FY1999

	<i>Loans</i>	<i>Amount</i>
Public 4-year	53,890	\$181,779,400
Private 4-year	18,690	65,976,600
Public 2-year	1,300	2,843,100
Private 2-year	280	747,300
Proprietary	10,800	31,056,800
Public technical college	1,750	4,039,600
Medical/dental	830	3,971,300
Foreign	50	407,100
Total	87,590	\$290,821,200

* Distribution does not include Federal Consolidation Loans.

Top Ten Schools by Loan Volume—FY1999

	<i>Loans</i>	<i>Amount</i>
University of Louisville	10,610	\$44,317,900
University of South Alabama	10,530	33,704,500
Eastern Kentucky University	9,510	25,727,500
Murray State University	4,800	15,164,100
Northern Kentucky University	4,090	13,977,000
Troy State University	3,800	12,453,300
University of North Alabama	3,320	9,518,700
Sullivan College	2,310	9,310,600
Samford University	1,450	6,648,200
Spalding University	1,540	5,511,800

Top Ten Lenders by Loan Volume—FY1999

	<i>Loans</i>	<i>Amount</i>
Kentucky Higher Education Student Loan Corporation*	19,870	\$78,531,600
Regions Bank*	19,210	74,680,400
Bank One Education Finance Group	12,390	42,154,600
PNC Education Loan Center	7,200	26,185,800
National City Bank, Kentucky*	8,050	25,966,100
SouthTrust Bank, NA*	4,810	17,855,400
Fifth Third Bank	5,620	17,262,700
Lender of Last Resort—Alabama	2,530	8,907,700
Bank of Louisville	1,670	7,196,000
Sallie Mae	410	6,790,100

Guarantees Outstanding

<i>Fiscal Year</i>	<i>Amount</i>
1994	\$ 667,407,100
1995	847,996,200
1996	1,584,863,300
1997	1,625,864,000
1998	1,637,204,800
1999	1,779,865,400

* Includes Consolidation Loans.

Summaries

Loan Services

Origination Services*—FY1999

Lender contracts	11
Applications received	47,400
Loans approved for guarantee [†]	57,390
Total approved for guarantee	\$189,563,700
Loans disbursed [†]	119,820
Total disbursed	\$183,433,300

* Origination services include application processing and guarantee and disbursement services under contract.

[†] Subsidized and Unsubsidized Federal Stafford Loans are counted separately.

Origination Lenders

<i>Lender</i>	<i>Loans</i>	<i>Guaranteed</i>
Kentucky Higher Education Student Loan Corporation	18,300	\$57,972,500
Bank One Education Finance Group	12,390	\$42,154,600
PNC Bank	7,200	\$26,185,800
National City Bank	8,050	\$25,966,100
Fifth Third Bank	5,620	\$17,262,700
Bank of Louisville	1,670	\$7,196,000
edsouth	1,690	\$4,896,900
Chase Manhattan Bank	970	\$3,468,300
Firststar Bank	980	\$2,789,700
The Provident Bank	380	\$1,331,000
Union Planters National Bank	140	\$340,100

Default Aversion—FY1999

Preclaims requests received and processed	78,240
Skip-tracing requests processed	3,560
Percentage of skips located	92.52%
Phone numbers updated	1,530
Total number of borrowers who received assistance	39,240

Claims Paid—FY1999

<i>Type</i>	<i>Number</i>	<i>Amount</i>
Default	8,050	\$33,402,300
Bankruptcy	510	2,539,400
Death	200	1,056,900
Disability	340	2,064,000
School closure	10	25,600
Ineligible borrower	5	74,500

Decrease in claims paid compared to FY1998 15.73%

Default Recovery—FY1999

Total recovered by administrative garnishment, payroll offset, and litigation	\$7,254,000
Number of accounts paid following litigation	370
Number of state income tax refunds withheld	3,210
Total withheld from state income tax refunds	\$484,100
Number of federal income tax refunds withheld	6,310
Total withheld from federal income tax refunds	\$5,677,000
Total recovered by collection contractors	\$13,144,300
Total recovered by KHEAA Default Collection Section	\$2,930,900
Total recovered	\$31,190,700

Policy and Client Services

Policy & Client Services—FY1999

Presentations and Training Opportunities

<i>Event</i>	<i>Number</i>
FFELP workshops	5
KET/AASFAA financial aid call-in program	1
KASFAA/KHEAA counselor workshops	9
USDE workshop	5
KLAS sm training	11
NCHELP training	7

Customer Service Inquiries

<i>Quarter</i>	<i>Number of calls</i>
First (July 98–September 98)	11,570
Second (October 98–December 98)	7,730
Third (January 99–March 99)	12,030
Fourth (April 99–June 99)	13,730

Lender and School Reviews

	<i>Number</i>
Lenders	7
Schools	5
Liability assessed	\$23,500

Appeals

		<i>Number</i>
Borrower	Default status	550
	Federal tax offset	220
	State tax offset	70
	Closed school	30
	False certification	10
	Credit bureau dispute	10
School		<i>Number of schools</i> <i>Number of accounts</i>
	FY96 official cohort	3 20
	FY97 pre-publication cohort	5 70

Loan Repurchases

	<i>Number</i>
Completed repurchases	1,190

Collection Agency Placements/Assignments

	<i>Number of accounts</i>
Initial assignments	7,230
1st/2nd placements	20,410

Summaries

Grants

FY1999

	CAP	KTG
Applicants*	198,800	15,320
Recipients	33,310	9,450
Total disbursed	\$26,293,200	\$12,328,300
Refunds from prior years	\$155,600	\$25,400
Net disbursed	\$26,137,600	\$12,302,900

Cumulative Since 1978

Recipients	382,010 [†]	120,260
Net disbursed	\$208,140,400 [†]	\$124,357,300

* Applicants include students who completed the Free Application for Federal Student Aid, listed an eligible Kentucky school, had their data sent to KHEAA, and were considered for a grant.

[†] Figures include State Student Incentive Grants and CAP Grants.

Distribution by Family Income

	CAP	KTG
	<i>Percent</i>	<i>Percent</i>
Not reported or \$0*	7	3
\$ 1- 9,999	40	16
\$10-19,999	27	17
\$20-29,999	18	16
\$30-39,999	6	14
\$40,000+	2	34

* Figure includes applicants who left income field(s) blank on the Free Application for Federal Student Aid (FAFSA).

Distribution by Type of Institution

	<i>Recipients</i>	<i>Amount</i>	<i>Percent</i>
Public college/university	25,830	\$21,030,000	54
Private nonprofit college/university	12,440	15,069,300	40
For-profit proprietary	3,410	2,017,600	5
Public technical college	1,080	504,600	1

* Combines CAP and KTG awards

CAP Distribution by Type of Institution

	<i>Recipients</i>	<i>Amount</i>	<i>Percent</i>
Public college/university	25,830	\$21,030,000	80
Private nonprofit college/university	4,020	3,653,500	14
For-profit proprietary	2,380	1,105,100	4
Public technical college	1,080	504,600	2

Kentucky Educational Excellence Scholarship (KEES)

Activities/Communications for First Year of Program—FY1999

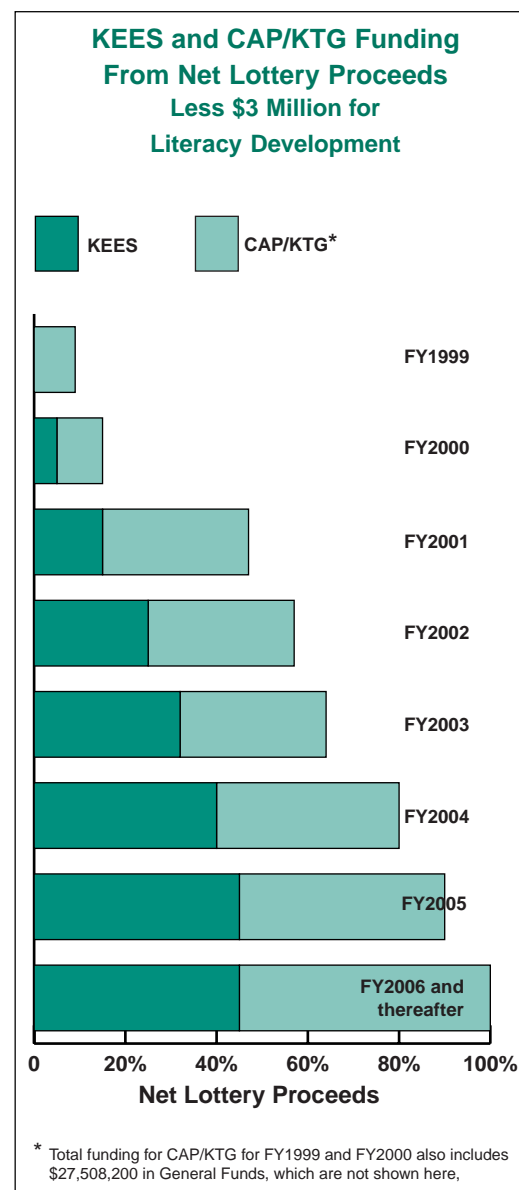
Governor's letter to high school students explaining KEES	201,650
Preliminary Award Notices to seniors	28,320
Total award amounts of Preliminary Award Notices	\$12,495,900

Web Site Activity

KEES Home page visits from 7/1/98—6/30/99	8,740
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Telephone Calls

<i>Month</i>	<i>Number</i>
November	130
December	230
January	520
February	310
March	370
April	560
May	370
June	500
Total	2,990
Average Calls Per Month	370
Average Calls Per Day	20



Summaries

Conversion Scholarships/Loans

Teacher Scholarship—FY1999

Applicants	650
Recipients	430
Total disbursed	\$1,381,000

Cumulative Since 1986

Recipients	4,800
Total disbursed	\$19,808,900
Students who cancelled loans with qualified teacher service	1,620
Total of loans cancelled with qualified teacher service	\$13,192,900
Students who repaid loans or are in repayment*	440
Total of repayments collected	\$2,017,000

* Includes recipients who were in repayment, default, or who did not fulfill teaching requirements and repaid their loans.

Distribution by Type of Institution

	<i>Recipients</i>	<i>Amount</i>	<i>Percent</i>
Public	260	\$818,400	59
Private	170	562,600	41

Distribution by Grade Level

	<i>Recipients</i>	<i>Amount</i>	<i>Percent</i>
Freshman	100	\$110,800	8
Sophomore	20	25,600	2
Junior	70	288,100	21
Senior	210	825,200	59
Graduate	30	131,300	10

Osteopathic Medicine Scholarship—FY1999

Recipients	65
Total disbursed	\$809,700

Distribution by Medical School Classification*

	<i>Recipients</i>	<i>Amount</i>
First-year	35	\$404,850
Second-year	30	404,850

* Program initiated in 1998.

KHEAA Work-Study Program

FY1999

Students employed	1,130
Employer agreements	460*
Participating higher education institutions	14
Gross wages earned by students	\$2,650,000
Portion of wages paid by KHEAA	\$727,100
Portion of wages paid by employers	\$1,922,900
Administrative cost allowance expenditures	\$73,900
Net program funds expended	\$801,000

* Kentucky Technical Colleges are counted as one institution.

Cumulative Since 1990

Students employed	10,090
Gross wages earned by students	\$20,063,900
Portion of wages paid by KHEAA	\$6,317,300
Portion of wages paid by employers	\$13,746,600
Administrative cost allowance expenditures	\$704,500
Net program funds expended	\$7,021,800

Distribution by Type of Institution

	<i>Recipients</i>	<i>Gross Wages</i>
Public 4-year	1,010	\$2,304,800
Private 4-year	60	161,100
Public 2-year	50	154,500
Public technical college	10	29,600

Participating Institutions

	<i>Gross Wages</i>	<i>Percent</i>
Ashland Community College	\$ 25,500	.96
Bowling Green Technical College	900	.03
Campbellsville University	49,200	1.86
Centre College	6,800	0.26
Eastern Kentucky University	465,500	17.60
Hazard Community College (Lees Campus)	2,700	.10
Kentucky Advanced Technical College	2,000	.08
Lindsey Wilson College	105,100	3.97
Maysville Community College	23,700	.89
Murray State University	649,700	24.52
Owensboro Technical College	10,500	.40
Prestonsburg Community College	3,200	.12
Somerset Community College	63,600	2.40
Somerset Technical College	16,200	.61
Southeast Community College	35,800	1.35
University of Kentucky	325,700	12.29
Western Kentucky University	863,900	32.56

Summaries

Kentucky Educational Savings Plan Trust

FY1999

Participation agreements signed	340
Participant payments received	\$1,412,200
Beneficiaries receiving disbursements	150
Benefit disbursements	\$362,700
Yield on investments for the Program Fund	5.85%
Active accounts on June 30, 1999	3,000
Net assets in Program Fund on June 30, 1999	\$8,513,200
Net assets in Endowment Fund on June 30, 1999	\$56,600

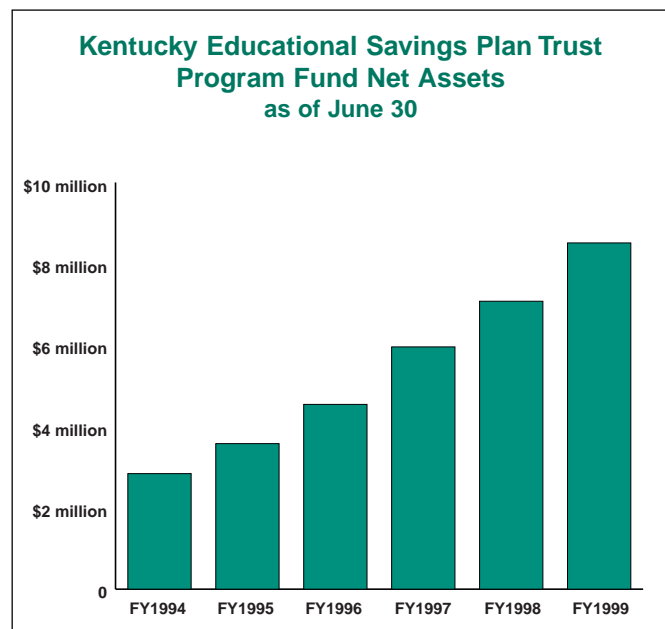
Cumulative Since 1994

Beneficiaries receiving disbursements	677
Benefit disbursements	\$1,420,800

Disbursements by Type of Institution

	<i>Beneficiaries</i>	<i>Amount *</i>	<i>Percent</i>
Public	90	\$164,800	45
Private	20	126,500	35
Disbursements to beneficiaries	40	71,400	20

* Amount does not include \$810 in disbursements made from the Endowment Fund.



Publications

Distribution—FY1999

Kentucky *Getting In*

High school seniors	50,910
High school juniors	22,780
Students through outreach activities	1,890
Counseling offices/libraries/lenders	2,280
Total	77,860

Alabama *Getting In*

High school seniors	47,120
Counseling offices/libraries/lenders	1,030
Total	48,150

Affording Higher Education

Counseling offices/state agencies/ companies/organizations	2,100
Students through outreach activities	900
Total	3,000

Success Through Educational Planning (STEP) booklets and brochures

Seniors	25,940
Juniors	22,780
Sophomores	19,440
Freshmen	14,270
8th graders	5,210
Counseling offices	2,260
Students through outreach activities	6,580
Total	96,480

Adults Returning to School

Students/counselors by request	2,180
Students through outreach activities	2,860
Total	5,040

Solving the Financial Aid Puzzle

High school students	6,500
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Summaries

Outreach

Contacts—FY1999

	STEP	HOPE	HELP Center	Western/Southern Kentucky Outreach	Other Outreach	Total
Exhibits	—	—	5,310	2,170	3,420	10,900
Presentations	—	—	6,470	1,290	290	8,050
HOPE Lexington	—	5,180	—	—	—	5,180
HOPE Louisville	—	5,330	—	—	—	5,330
STEP Letters	192,450	—	—	—	—	192,450
STEP Packets	87,630	—	—	—	—	87,630
Total	280,080	10,510	11,780	3,460	3,710	309,540

Activities—FY1999

Number of exhibits	—	10	40	30	20	100
Number of presentations	—	105	80	30	5	220
Number of counties visited*	—	9	81	43	12	101
Number of miles traveled	—	12,560	14,030	20,410	3,190	50,190

* Some counties were visited through more than one KHEAA Outreach Program.

Media Interviews

	Number
Radio	38
Television	2
Newspaper	1

HELP Center Searches Conducted

Type	Number
Career	3,330
Scholarship	4,310
Total	7,640

On-Site Visits

	Number
Cable companies	22
Churches	1
Colleges, universities, technical schools	38
Community-Based Agencies	55
Department of Community Based Services	37
Elementary schools	1
Family Resource Centers	13
General public	53
Governmental agencies	1
Health departments	31
High school and middle schools	133
HOPE Lexington	50
HOPE Louisville	66
Job Corps Centers	2
Libraries	46
Military	12
Movie theaters	5
Newspapers	53
Professional organizations	5
Radio stations	85
Summer camps	11
Television stations	4
Youth Services Centers	7
Other	7
Total	738

Administrative Services

Kentucky National Guard Tuition Award—FY1999

Recipients	1,030
Total disbursed	\$1,510,800

Distribution by Type of Institution

	<i>Recipients</i>	<i>Amount</i>
Public 4-year	700	\$1,286,800
Public 2-year	280	201,500
Public technical college	50	22,500

Minority Educator Recruitment and Retention (MERR) Scholarship—FY1999

Recipients being tracked for service or repayment	270
Total scholarships/loans	\$645,200

Status of Recipients

In school	250
Teaching	30
In repayment	110

Occupational Therapy/Physical Therapy Related Services Scholarship—FY1999

Recipients	8
Total scholarships/loans	\$49,300

Status of Recipients

In school	7
Practicing	2
Recent graduate (6-month grace period)	3
In deferment	1
Paid in full	1

Financial Aid Distribution by Institutions

Kentucky Schools	FFELP Loans		College Access Program (CAP) Grants		Kentucky Tuition Grants (KTG)		Teacher Scholarships		KHEAA Work-Study		Total for Institution	
	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
Degree-Granting Schools												
Alice Lloyd College	28	65,000	138	124,000	215	283,000	-	-	-	-	381	472,000
Asbury College	965	3,647,000	51	43,000	166	216,000	9	38,000	-	-	1,191	3,944,000
Asbury Theological Seminary	219	1,243,000	-	-	-	-	-	-	-	-	219	1,243,000
Ashland Community College	2	4,000	508	397,000	-	-	-	-	5	7,000	515	408,000
Bellarmino College	1,164	4,492,000	173	158,000	644	909,000	13	47,000	-	-	1,994	5,606,000
Berea College	401	634,000	366	354,000	538	754,000	-	-	-	-	1,305	1,742,000
Brescia University	592	1,781,000	108	99,000	249	338,000	6	21,000	-	-	955	2,239,000
Campbellsville University	969	2,858,000	388	363,000	867	1,187,000	17	56,000	16	6,000	2,257	4,470,000
Centre College	521	1,947,000	98	97,000	385	551,000	-	-	1	2,000	1,005	2,597,000
Cumberland College	1,239	3,813,000	329	317,000	592	832,000	13	33,000	-	-	2,173	4,995,000
Draughons Junior College	98	131,000	104	43,000	-	-	-	-	-	-	202	174,000
Eastern Kentucky University	9,513	25,726,000	3,415	2,931,000	-	-	33	87,000	189	131,000	13,150	28,875,000
Elizabethtown Community College	2	6,000	718	519,000	-	-	1	1,000	-	-	721	526,000
Fugazzi College	104	257,000	52	19,000	-	-	-	-	-	-	156	276,000
Georgetown College	1,079	3,168,000	162	154,000	658	916,000	19	49,000	-	-	1,918	4,287,000
Hazard Community College	-	-	1,114	886,000	-	-	1	1,000	1	1,000	1,116	888,000
Henderson Community College	-	-	231	163,000	-	-	-	-	-	-	231	163,000
Hopkinsville Community College	-	-	387	280,000	-	-	-	-	-	-	387	280,000
ITT Technical Institute	4	12,000	141	56,000	-	-	-	-	-	-	145	68,000
Institute of Electronic Technology	313	878,000	46	25,000	-	-	-	-	-	-	359	903,000
Jefferson Community College	-	-	1,658	1,100,000	-	-	-	-	-	-	1,658	1,100,000
Kentucky Career Institute	-	-	135	59,000	-	-	-	-	-	-	135	59,000
Kentucky Christian College	338	1,065,000	40	36,000	86	113,000	9	34,000	-	-	473	1,248,000
Kentucky College of Business	1,608	3,899,000	501	190,000	-	-	-	-	-	-	2,109	4,089,000
Kentucky Mountain Bible College	14	33,000	-	-	-	-	-	-	-	-	14	33,000
Kentucky State University	-	-	551	458,000	-	-	2	2,000	-	-	553	460,000
Kentucky Wesleyan College	637	2,113,000	144	134,000	375	513,000	13	40,000	-	-	1,169	2,800,000
Lexington Baptist College	111	316,000	-	-	-	-	-	-	-	-	111	316,000
Lexington Community College	-	-	1,098	841,000	-	-	2	3,000	-	-	1,100	844,000
Lexington Theological Seminary	26	173,000	-	-	-	-	-	-	-	-	26	173,000
Lindsey Wilson College	1,123	3,166,000	632	566,000	959	1,276,000	4	6,000	46	41,000	2,764	5,055,000
Louisville Presbyterian Theo. Seminary	53	259,000	-	-	-	-	-	-	-	-	53	259,000
Louisville Technical Institute	186	753,000	104	41,000	-	-	-	-	-	-	290	794,000
Madisonville Community College	-	-	564	422,000	-	-	-	-	-	-	564	422,000
Maysville Community College	-	-	393	308,000	-	-	-	-	10	9,000	403	317,000
Mid-Continent College	76	229,000	-	-	-	-	-	-	-	-	76	229,000
Midway College	937	3,084,000	209	164,000	343	389,000	-	-	-	-	1,489	3,637,000
Morehead State University	-	-	2,277	1,995,000	-	-	34	89,000	-	-	2,311	2,084,000
Murray State University	4,796	15,164,000	1,319	1,165,000	-	-	20	61,000	399	224,000	6,534	16,614,000
Northern Kentucky University	4,089	13,978,000	1,182	990,000	-	-	44	149,000	-	-	5,315	15,117,000
Owensboro Community College	-	-	488	362,000	-	-	1	1,000	-	-	489	363,000
Owensboro Junior College of Business	558	1,242,000	105	45,000	-	-	-	-	-	-	663	1,287,000
Paducah Community College	7	32,000	560	411,000	-	-	-	-	-	-	567	443,000
Pikeville College	721	2,763,000	343	315,000	490	663,000	9	33,000	-	-	1,628*	4,583,000*
Prestonsburg Community College	-	-	948	734,000	-	-	2	1,000	3	1,000	953	736,000
R.E.T.S. Electronic Institute	1,393	3,350,000	247	93,000	-	-	-	-	-	-	1,640	3,443,000
Saint Catharine College	237	596,000	143	125,000	212	274,000	3	3,000	-	-	595	998,000
Somerset Community College	-	-	942	732,000	-	-	-	-	16	21,000	958	753,000
Southeast Community College	-	-	946	755,000	-	-	-	-	15	6,000	961	761,000
Southern Ohio College	16	43,000	137	59,000	-	-	-	-	-	-	153	102,000
Southwestern College of Business	-	-	19	7,000	-	-	-	-	-	-	19	7,000
Spalding University	1,538	5,511,000	238	194,000	482	624,000	12	38,000	-	-	2,270	6,367,000
Spencerian College	302	1,346,000	58	23,000	-	-	-	-	-	-	360	1,369,000
Sullivan College	2,308	9,309,000	728	445,000	1,026	913,000	-	-	-	-	4,062	10,667,000
Thomas More College	273	1,100,000	112	94,000	359	494,000	12	47,000	-	-	756	1,735,000
Transylvania University	680	2,400,000	102	103,000	433	603,000	7	21,000	-	-	1,222	3,127,000
Union College	886	2,648,000	241	213,000	371	480,000	24	99,000	-	-	1,522	3,440,000
University of Kentucky	2	4,000	1,989	1,769,000	-	-	43	159,000	103	93,000	2,137	2,025,000
University of Kentucky (Dentistry)	192	1,279,000	-	-	-	-	-	-	-	-	192	1,279,000
University of Kentucky (Medicine)	152	1,205,000	-	-	-	-	-	-	-	-	152	1,206,000
University of Louisville	10,606	44,319,000	2,084	1,754,000	-	-	30	130,000	-	-	12,720	46,203,000
Western Kentucky University	1	3,000	2,461	2,056,000	-	-	47	132,000	317	252,000	2,826	2,443,000
Technical Colleges												
Ashland Technical College	-	-	100	49,000	-	-	-	-	-	-	100	49,000
Bowling Green Technical College	-	-	37	17,000	-	-	-	-	1	1,000	38	18,000
Central Kentucky Technical College	153	280,000	85	37,000	-	-	-	-	-	-	238	317,000
Central Kentucky Tech (Danville)	25	38,000	-	-	-	-	-	-	-	-	25	38,000
Cumberland Valley Technical College	14	32,000	15	7,000	-	-	-	-	-	-	29	39,000
Cumberland Valley Tech (Harlan)	-	-	85	36,000	-	-	-	-	-	-	85	36,000
Cumberland Valley Tech (Southeast)	-	-	28	12,000	-	-	-	-	-	-	28	12,000
Elizabethtown Technical College	-	-	76	37,000	-	-	-	-	-	-	76	37,000
Hazard Technical College	27	32,000	68	36,000	-	-	-	-	-	-	95	68,000
Jefferson Technical College	-	-	30	13,000	-	-	-	-	-	-	30	13,000
Kentucky Advanced Technical College	-	-	23	9,000	-	-	-	-	1	1,000	24	10,000
Laurel Technical College	44	98,000	29	13,000	-	-	-	-	-	-	73	111,000
Madisonville Tech Health Center	21	51,000	13	7,000	-	-	-	-	-	-	34	58,000

* Includes \$809,000 for 65 Osteopathic Medicine Scholarships

Kentucky Schools	FFELP Loans		College Access Program (CAP) Grants		Kentucky Tuition Grants (KTG)		Teacher Scholarships		KHEAA Work-Study		Total for Institution	
	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars	Number	Dollars
Madisonville Technical College	-	-	16	7,000	-	-	-	-	-	-	16	7,000
Mayo Technical College	121	214,000	153	70,000	-	-	-	-	-	-	274	284,000
Northern Kentucky Technical College	12	14,000	15	7,000	-	-	-	-	-	-	27	21,000
Northern Kentucky Tech (Edgewood)	77	115,000	-	-	-	-	-	-	-	-	77	115,000
Northern KY Tech (Highland Heights)	34	64,000	20	9,000	-	-	-	-	-	-	54	73,000
Owensboro Technical College	-	-	32	16,000	-	-	-	-	4	3,000	36	19,000
Rowan Technical College	-	-	46	23,000	-	-	-	-	-	-	46	23,000
Somerset Technical College	-	-	75	38,000	-	-	-	-	3	2,000	78	40,000
West Kentucky Technical College	39	69,000	111	51,000	-	-	-	-	-	-	150	120,000
Instructional Service Centers												
Cumberland Valley Tech (Mt. Vernon)	9	20,000	-	-	-	-	-	-	-	-	9	20,000
Jefferson Tech (Shelby County)	-	-	3	2,000	-	-	-	-	-	-	3	2,000
Laurel Tech (Clay County)	1	3,000	3	1,000	-	-	-	-	-	-	4	4,000
Laurel Tech (Knox County)	-	-	2	1,000	-	-	-	-	-	-	2	1,000
Madisonville Tech (Caldwell County)	-	-	3	1,000	-	-	-	-	-	-	3	1,000
Owensboro Tech (Daviness County)	-	-	14	7,000	-	-	-	-	-	-	14	7,000
West Kentucky Tech (Murray)	13	30,000	-	-	-	-	-	-	-	-	13	30,000
West Kentucky Tech (Paducah)	-	-	1	1,000	-	-	-	-	-	-	1	1,000
Area Technology Centers												
Knott County Area Technology Center	1	1,000	-	-	-	-	-	-	-	-	1	1,000
Nondegree Proprietary Schools												
The Hair Design School (Florence)	34	57,000	-	-	-	-	-	-	-	-	34	57,000
The Hair Design School (Louisville)*	22	45,000	-	-	-	-	-	-	-	-	22	45,000
The Hair Design School (Louisville)†	65	124,000	-	-	-	-	-	-	-	-	65	124,000
The Hair Design School (Radcliff)	61	107,000	-	-	-	-	-	-	-	-	61	107,000
Health Institute of Louisville	358	941,000	-	-	-	-	-	-	-	-	358	941,000
Mr. Jim's Beauty College	20	37,000	-	-	-	-	-	-	-	-	20	37,000
Roy's of Louisville Beauty Academy	110	238,000	-	-	-	-	-	-	-	-	110	238,000
Trend Setters' Academy, Inc.	50	116,000	-	-	-	-	-	-	-	-	50	116,000
Total for Kentucky Schools	52,390	\$174,770,000	33,310	\$26,293,000	9,450	\$12,328,000	430	\$1,381,000	1,130	\$801,000	96,775*	\$216,382,000*
Alabama Schools												
Alabama A & M University	28	92,000									28	92,000
Alabama Aviation and Technical College	103	265,000									103	265,000
Alabama State University	1	3,000									1	3,000
Birmingham Southern College	71	300,000									71	300,000
Enterprise State Junior College	225	453,000									225	453,000
Faulkner University	2	8,000									2	8,000
Herzing Institute	597	1,436,000									597	1,436,000
Huntingdon College	368	1,103,000									368	1,103,000
Huntsville Business Institute	79	250,000									79	250,000
International Bible College	2	9,000									2	9,000
Judson College	205	586,000									205	586,000
Marion Military Institute	1	2,000									1	2,000
NorthwestShoals Community College	645	1,281,000									645	1,281,000
Oakwood College	1	14,000									1	14,000
Prince Institute of Professional Studies	164	570,000									164	570,000
Samford University	1,445	6,649,000									1,445	6,649,000
South College	411	996,000									411	996,000
Southeastern Bible College	1	5,000									1	5,000
Southern Christian University	2	10,000									2	10,000
Spring Hill College	344	1,175,000									344	1,175,000
Talladega College	8	28,000									8	28,000
Troy State University	6,277	24,375,000									6,277	24,375,000
Troy State University Dothan	936	3,451,000									936	3,451,000
Troy State University Montgomery	713	1,986,000									713	1,986,000
United States Sports Academy	22	101,000									22	101,000
University of Mobile	37	128,000									37	128,000
University of North Alabama	3,324	9,519,000									3,324	9,519,000
University of South Alabama	10,526	33,704,000									10,526	33,704,000
University of West Alabama	1,891	4,979,000									1,891	4,979,000
Virginia College	2	7,000									2	7,000
Wallace State Comm. College (Dothan)	47	136,000									47	136,000
Total for Alabama Schools	28,478	\$93,621,000	0	0	0	0	0	0	0	0	28,478	\$93,621,000
Total for Other Schools	9,582	22,430,000	0	0	0	0	0	0	0	0	9,582	22,430,000
Grand Total for All Schools	90,450	\$290,821,000	33,310	\$26,293,000	9,450	\$12,328,000	430	\$1,381,000	1,130	\$801,000	134,835*	\$332,433,000*

* Includes \$809,000 for 65 Osteopathic Medicine Scholarships

† 1049 Bardstown Road

‡ 4160 Bardstown Road

Summaries

KHEAA Selected Financial Information

As of June 30, 1999, and for the year then ended.

	Federal Fund	Proprietary Funds		State Treasury Funds
	Federal Student Loan Reserve Fund	Agency Operating Fund	General Services	Administration and Student Aid
Revenues	\$ 9,891,169	\$8,207,787	\$1,604,533	\$ 42,709,328
Expenditures and transfers	6,080,161	8,939,942	(147,164)	40,888,589
Revenue over (under) expenditures	3,811,008	(732,155)	1,751,697	1,820,739
Fund balances at beginning of year	36,696,754	0	5,138,457	12,702,105
Fund balances at end of year	<u><u>\$40,507,762</u></u>	<u><u>\$ (732,155)</u></u>	<u><u>\$6,890,154</u></u>	<u><u>\$14,522,844</u></u>

Assets	<u><u>\$41,557,762</u></u>	<u><u>\$7,519,911</u></u>	<u><u>\$6,994,013</u></u>	<u><u>\$17,588,601</u></u>
Liabilities	\$ 1,050,000	\$8,252,066	\$ 103,859	\$ 3,065,757
Fund balances	40,507,762	(732,155)	6,890,154	14,522,844
Total liabilities and fund balances	<u><u>\$41,557,762</u></u>	<u><u>\$7,519,911</u></u>	<u><u>\$6,994,013</u></u>	<u><u>\$17,588,601</u></u>

Net cash provided by (used in) operating activities	\$(5,921,326)	\$9,033,224	\$672,428	\$2,451,195
Net cash used in capital and related financing activities				(2,746,820)
Net cash provided by (used in) investing activities	7,949,580	44,270	(1,218,196)	
Cash and cash equivalents:				
Beginning of year	12,392,847	0	1,988,114	4,585,322
End of year	<u><u>\$14,421,101</u></u>	<u><u>\$9,077,494</u></u>	<u><u>\$1,442,346</u></u>	<u><u>\$4,289,697</u></u>

For a copy of KHEAA's 1999 financial statements, please contact the Division of Financial Affairs at (502) 696-7421.

KESPT Selected Financial Information

As of June 30, 1999, and for the year then ended.

	Program Fund	Endowment Fund
Revenues	\$ 384,086	\$ 2,671
Expenditures and transfers		
Revenue over (under) expenditures	<u>\$ 384,086</u>	<u>\$ 2,671</u>

Assets	<u>\$8,513,246</u>	<u>\$56,639</u>
Net assets:		
Participant entitlement	8,495,937	
Endowment corpus		\$37,867
Undistributed income	<u>17,309</u>	<u>18,772</u>
Total net assets	<u>\$8,513,246</u>	<u>\$56,639</u>

Net assets at beginning of year:		
Participant entitlement	\$7,079,634	
Endowment corpus		\$37,867
Undistributed income		<u>16,907</u>
Total net assets at beginning of year	<u>7,079,634</u>	<u>54,774</u>
Beneficial interest transactions:		
Participant payments, net	\$1,412,236	
Benefits on behalf of beneficiaries	(362,710)	\$ (806)
Revenues over expenditures	<u>384,086</u>	<u>2,671</u>
Total transactions	<u>1,433,612</u>	<u>1,865</u>
Net assets at end of year:		
Participant entitlement	\$8,513,246	
Endowment corpus		\$37,867
Undistributed income		<u>18,772</u>
Total net assets at end of year	<u>\$8,513,246</u>	<u>\$56,639</u>

Net cash provided by (used in) operating activities	\$1,052,530	\$ (806)
Net cash provided by (used in) investing activities	(1,276,353)	2,695
Cash and cash equivalents:		
Beginning of year	<u>600,773</u>	<u>54,539</u>
End of year	<u>\$ 376,950</u>	<u>\$56,428</u>

For a copy of KESPT's 1999 financial statements, please contact the Division of Financial Affairs at (502) 696-7421.

Leadership

KHEAA Board of Directors

June 30, 1999

Wayne Stratton (Chairman)
Certified Public Accountant
Jones, Nale & Mattingly
Louisville, Kentucky

Marcia Kuegel Carpenter*
Guidance Counselor
Daviness County Public Schools
Owensboro, Kentucky

Mary Jo Young
Banking and Civic Activist
Elizabethtown, Kentucky

Gary Abney (Chairman-Elect)
President
First Southern National Bank
Richmond, Kentucky

Robert R. Fitch
President
South Central Bank of
Bowling Green, Inc.
Bowling Green, Kentucky

Gordon K. Davies (ex officio)
President
Council on Postsecondary Education
Frankfort, Kentucky

Carrie Brown
Dentist
Lexington, Kentucky

David N. Klein†
Executive Vice President &
Chief Operating Officer
Bank of Louisville
Louisville, Kentucky

John P. McCarty (ex officio)
Secretary
Finance & Administration Cabinet
Frankfort, Kentucky

* Marcia Kuegel Carpenter was appointed on January 29, 1999, to fill the expired term of Robert E. Gott.

† David N. Klein was appointed on January 29, 1999, to fill the expired term of Charles M. Hamilton.

KHEAA Senior Managers

June 30, 1999

Paul P. Borden
Executive Director
& Chief Executive Officer

B. David Cox
Director of Financial Affairs
& Chief Financial Officer

G. Blake Tanner
Director of Loan Program
Administration

Londa L. Wolanin
Chief Operating Officer

Ron W. Duvall
Director of Information
Resources & Technology

Janice C. Ernst
Director of Student &
Administrative Services

Jane L. Stewart
Director of Federal Relations
& Loan Policy Services

Richard F. Casey
Director of Legal Services
& General Counsel

KHEAA does not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in employment or services and provides, upon request, reasonable accommodations to afford individuals with disabilities an equal opportunity to participate in all programs and activities. Printed 11/99 with state funds KRS 57.375.